

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 PC-15 IO-14 DRC-01 EB-11 COME-00

TRSE-00 SCEM-02 INT-08 /169 W
----- 109298

R 281210Z DEC 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4791

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E.O. 11652: N/A

TAGS: ECON, AR

SUBJECT: PERON ANNOUNCES PLAN TRIENIAL

REFS: (A) BUENOS AIRES 9067; (B) BUENOS AIRES 8482

1. SUMMARY: DECEMBER 21, PRESIDENT PERON IN MAJOR ADDRESS TO NATION, OUTLINED PLAN TRIENIAL. MAJOR THEMES OF SPEECH WERE IMPROVING INCOME DISTRIBUTION, PROMOTING NATIONAL UNITY, ACHIEVING ECONOMIC AND POLITICAL INDEPENDENCE, AND FURTHERING LATIN AMERICAN INTEGRATION. PERON OFFERED FEW SURPRISES OR SIGNIFICANT POLICY INNOVATIONS, IN FACT MUCH OF WHAT HE SAID ALREADY WELL KNOWN PERONIST DOCTRINE. GENERAL TONE AND CONTENT OF SPEECH DISTINCTLY MODERATE REGARDING PACE OF SOCIAL TRANSFORMATION. ECONOMIC OBJECTIVES FOR THE MOST PART UNREALISTICALLY OPTIMISTIC. END SUMMARY

2. GENERAL: ON DECEMBER 21, PRESIDENT PERON MADE FORTY-MINUTE ADDRESS TO NATION, COVERED BY ALL RADIO AND TELEVISION STATIONS, OUTLINING THREE-YEAR PLAN (ACTUALLY FOUR YEARS--1974-1977). TO UNDERLINE IMPORTANCE OF EVENT AND TO STRESS THEME OF NATIONAL UNITY, PERON WAS SURROUNDED BY CABINET, ARMED FORCES LEADERS, GOVERNORS, REPRESENTATIVES OF MAJOR ECONOMIC INSTITU-
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TIONS, E C. IN ADDITION TO SPEECH, CERTAIN ASPECTS OF PLAN WERE

MADE PUBLIC AND CARRIED BY LOCAL PRESS.

3. PLA* HAD BEEN*ANXIOUSLY AWAITED BY ALL ECONOMIC SECTORS, ESPECIALLY IN VIE OF CONSIDERABLE ADVANCE PUBLICITY. HOW-
EVER, IT WAS QUITE STRAIGHT-FORWARD WITH FEW SURPRISES.
IN FACT, MUCH OF CONTENT ALREADY WELL KNOWN PERONIST DOCTRINE.
PERON *AREFULLY PRESENTED PRESENT PLAN AS N*TURAL SUCCESSOR TO
ECONOMIC AND SOCIAL PROGRAMS INITIATED BY HIS REGIME 30 YEARS
AGO. ASSERTED THAT PLAN TRIENIAL EMANATES FROM POLITICAL AND
SOCIAL CONSCIENCE OF PE*PLE, AND THEREFORE IS DIFFERENT FROM
OTHER ECONOMIC DEVELOPMENT PLANS.

4/ MAJOR THEME OF SPEECH WAS INCOME REDISTRIBUTION TO IMPROVE
CONDITIONS OF WAGE AND SALARY EARNERS. OTHER THEMES OF IMPOR-
TANCE WERE NATIONAL UNITY, ECONOMIC AND POLITICAL INDEPENDENCE,
AND LATIN AMERICAN INTEGRATION. THERE WAS NO CONDEMNATION OF
"INTERNATIONAL MONOPOLIES" OR "IMPERALISMS," IN FACT REFERENCE
TO EXTERNAL ISSUES WAS LIMITED. SPEECH ENDED WITH DELIBERATE
CALL FOR PRUDENCE IN GREAT TASK OF TRANSFORMATION OF SOCIETY.

5. ECONOMIC ACHIEVEMENTS: PERON DID NOT MISS OPPORTUNITY DUR-
ING SPEECH TO CITE ACHIEVEMENTS OF HIS ADMINISTRATION SUCH AS
FOLLOWING: A) INCREASE IN SHARE OF INCOME TO WAGE AND SALARY
EARNERS FROM 33 PER CENT IN MAY TO 43 PER CENT IN DECEMBER;
B) REDUCTION IN UNEMPLOYMENT FROM 6.6 PER CENT IN APRIL TO
4.5 PER CENT IN DECEMBER; C) PRACTICALLY ZERO INCREASE IN
COST-OF-LIVING INDEX FROM JUNE-NOVEMBER; D) AN INCREASE IN
FOREIGN EXCHANGE RESERVES DURING YEAR OF \$870 MILLION TO
ABOUT \$1,400 MILLION IN DECEMBER; E) AN INCREASE OF 40 PER
CENT IN FAMILY ALLOWANCE SINCE MAY; AND F) AN INCREASE OF
50 PER CENT IN RETIREMENT BENEFITS SINCE MAY.

6. GROWTH TARGETS: PLAN ESTABLISHES A VARIETY OF AMBITIOUS
GLOBAL GROWTH TARGETS. GROSS PRODUCT PROJECTED TO INCREASE
AT AVERAGE 7.5 PER CENT PER ANNUM OVER PLAN PERIOD: 1974--
7 PER CENT; 1975--76---7.5 PER CENT; 1977--8 PER CENT.
PER CAPITA GROSS PRODUCT PROJECTED TO REACH \$1,800 BY
1977. INDUSTRIAL VALUE ADDED TO INCREASE AT AVERAGE 10 PER
CENT PER ANNUM.

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7. INCOME DISTRIBUTION AND EMPLOYMENT: ONE OF MAJOR PLAN
TARGETS IS INCREASING SHARE OF INCOME TO SALARIED CLASS FROM
"PRESENT 43 PER CENT" TO 48 PER CENT IN 1977, EQUIVALENT TO
DISTRIBUTION IN 1955. ALSO, PLAN CALLS FOR CREATION OF ONE
MILLION NEW JOBS, THEREBY REDUCING URBAN UNEMPLOYMENT TO 2.5
PER CENT BY 1977.

8. EXTERNAL SECTOR: A MAJOR EFFORT WILL BE MADE TO IMPROVE

BALANCE OF PAYMENTS SITUATION THEREBY REDUCING ARGENTINE "DEPENDENCE" ON EXTERNAL GOODS AND FINANCING. TOWARD THIS OBJECTIVE, NEW MARKETS WILL BE DEVELOPED, PARTICULARLY IN SOCIALIST CAMP AND WITHIN LATIN AMERICA, OUTFLOWS FOR FREIGHT AND INSURANCE WILL BE REDUCED, PROFITS, ROYALTIES, ETC. WILL BE CLOSELY WATCHED, QUANTITATIVE RESTRICTIONS WILL BE IMPOSED IF NECESSARY, IMPORT SUBSTITUTION WILL BE EMPHASIZED. EXPORTS ('73 PRICES) ARE PROJECTED TO MORE THAN DOUBLE DURING PLAN PERIOD FROM ABOUT 3 BILLION IN 1973 TO ABOUT 6.2 BILLION IN 1977. IMPORTS ('73 PRICES) PROJECTED TO INCREASE FROM ABOUT 2.1 BILLION IN '73 TO 3.5 BILLION IN '77.

9. AGRICULTURE: PLAN GIVES PRIORITY TO INCREASING AGRICULTURAL OUTPUT WHICH IN RECENT YEARS AVERAGED ONLY ABOUT 1.5 PER CENT ANNUAL INCREASE. POLICIES IN AREA OF INCOME, MARKETING, TAXES, CREDIT, INSURANCE, AND TECHNOLOGY, WILL BE EXAMINED. IN PARTICULAR, PLAN CALLS FOR MAKING ABOUT 20 MILLION HECTARES IN SEMI-ARID REGION OF CHACO SUITABLE FOR AGRICULTURAL PRODUCTION.

10. INVESTMENT PROGRAM: IN ADDITION TO KEY SECTORS ALREADY MENTIONED, PLAN OUTLINES AMBITIOUS TARGETS FOR INVESTMENT PROGRAM IN STEEL, ENERGY, HOUSING, ETC. STEEL OUTPUT OF SOMISA (GOVERNMENT-OWNED STEEL PLANT) TO BE EXPANDED FROM PRESENT 2.5 MILLION NONS STEEL TO 4 MILLION TONS IN '77. TARGET IS FOR TOTAL STEEL OUTPUT OF 6.1 MILLION TONS. GLOBAL ENERGY DEMAND ESTIMATED TO INCREASE AT 8.80 PER CENT DURING PLAN PERIOD COMPARED WITH INCREASE DURING 60'S AT APPROXIMATELY 5 PER CENT. TO MEET DEMAND, INSTALLED CAPACITY FOR ELECTRIC POWER GENERATION PROJECTED TO REACH 10 MILLION KILOWATTS BY 1977. PETROLEUM OUTPUT PROJECTED AT 29.5 MILLION CUBIC METERS ('73 ESTIMATE 24 MILLION CUBIC METERS). OVER 2,400 NEW WELLS ARE TO BE DRILLED.

11. NATURAL GAS OUTPUT IN 1977 PROJECTED AT 14,500 MILLION LIMITED OFFICIAL USE

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CUBIC METERS (COMPARED WITH PRESENT 8,300 CUBIC METERS), COAL OUTPUT IS TO MORE THAN TRIPLE REACHING 1.5 MILLION TONS BY AROUND 1977. IN HOUSING, THE GOAL IS TO CONSTRUCT OVER 800,000 UNITS BETWEEN 1974-1977.

12. COMMENT: 1) EMBASSY SEES LIMITED ECONOMIC SIGNIFICANCE TO GOA STATISTIC OF SHARPLY INCREASED INCOME SHARE TO SALARIED WORKERS OR; OF SHARP REDUCTION UNEMPLOYMENT DURING YEAR. FORMER MAY BE REFLECTION OF LOW PROFITS CAUSED BY PRICE CONTROLS AND LATTER ESPECIALLY DOUBTFUL IN VIEW DEPRESSED STATE F MUCH OF PRIVATE SECTOR. 2) PLAN T*BIENNIAL REPRESENTS IMPORTANT GOA PLANNING*EFFORT, BUT EXTENT POLITICAL COMMITMENT TO PLAN *TARGETS OR PROGRAMS *RAMS, AND REAL IMPORTANCE OF PLAN TO FUTURE *ARGENTINE DEVELOPMENT NOT YET CLEAR. IN GENERAL PLAN TARGETS APPEAR HIGHLY EXAGGERATED. FOR EXAMPLE, EACH SECTORAL TARGET APPEARS TO BE

BASED ON MOST OPTIMISTIC POSSIBLE ASSESSMENT OF DEVELOPMENTS.
ALSO, PLANNERS, NO DOUBT, WERE INFLUENCED TO RAISE SIGHTS
ON GROWTH TARGETS BY CURRENT FAVORABLE BALANCE OF PAYMENTS
FORECASTS AND GENERALLY POSITIVE EXTERNAL SITUATION. IF
EXTERNAL SITUATION DETERIORATES, AS HAS HAPPENED FREQUENTLY
IN PAST, DEVELOPMENT POSSIBILITIES WILL BE GREATLY REDUCED.
DETAILS OF FINANCIAL ASPECT OF PLAN HAVE YET TO BE MADE PUB-
LIC, AND IT IS NOT CLEAR HOW ARGENTINA PLANS TO RAISE AND
UTILIZE DOMESTIC AND FOREIGN SAVINGS REQUIRED TO FINANCE
PROJECTS. 3) EMBASSY WILL PROVIDE MORE DETAILED ANALYSIS BY
AIRGRAM.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, INFLATION, PRESS CONFERENCES, ECONOMIC PROGRAMS, TAX COLLECTIONS, SOCIAL SERVICES, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BUENOS09320
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973124/aaaaachq.tel
Line Count: 179
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) BUENOS AIRES 9067; (B) BUENOS AI, RES 8482
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 16 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Jan-2002 by shawdg>; APPROVED <07 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PERON ANNOUNCES PLAN TRIENIAL
TAGS: ECON, AR, (PERON, JUAN)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005